EXHIBIT 5

DATE 2/18/09

HB 448

## Montana Code Annotated - 2007

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77-1-601. Statement of policy. It is in the best interest and to the great advantage of the state of Montana to seek the highest development of state-owned lands in order that they might be placed to their highest and best use and thereby derive greater revenue for the support of the common schools, the university system, and other institutions benefiting therefrom, and that in so doing the economy of the local community as well as the state is benefited as a result of the impact of such development.

History: En. Sec. 1, Ch. 295, L. 1967; R.C.M. 1947, 81-2401.

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77-1-203. Multiple-use management. (1) The board shall manage state lands under the multiple-use management concept defined as the management of all the various resources of the state lands so that:

- (a) they are utilized in that combination best meeting the needs of the people and the beneficiaries of the trust, making the most judicious use of the land for some or all of those resources or related services over areas large enough to provide sufficient latitude for periodic adjustments in use to conform to changing needs and conditions and realizing that some land may be used for less than all of the resources; and
- (b) harmonious and coordinated management of the various resources, each with the other, will result without impairment of the productivity of the land, with consideration being given to the relative values of the various resources.
- (2) If a parcel of state land in one class has other multiple uses or resource values which are of such significance that they do not warrant classification for the value, the land shall, nevertheless, be managed insofar as is possible to maintain or enhance these multiple-use values.
- (3) State lands, including those lands that are leased primarily for other purposes, are open to general recreational use subject to legal access and to closures and restrictions pursuant to rules adopted under 77-1-804.
- (4) The department shall include in all new or renewal leases and licenses a provision that leased lands may not be closed at any time to the public for general recreational purposes without advance written permission of the department.

**History:** (1)En. Sec. 3, Ch. 60, L. 1927; re-en. Sec. 1805.3, R.C.M. 1935; amd. Sec. 1, Ch. 113, L. 1969; amd. Sec. 1, Ch. 67, L. 1973; amd. Sec. 3, Ch. 428, L. 1973; Sec. 81-103, R.C.M. 1947; (2)En. Sec. 16, Ch. 60, L. 1927; amd. Sec. 8, Ch. 428, L. 1973; amd. Sec. 1, Ch. 8, L. 1974; Sec. 81-302, R.C.M. 1947; R.C.M. 1947, 81-103(part), 81-302(part); amd. Sec. 6, Ch. 15, L. 1979; amd. Sec. 4, Ch. 609, L. 1991.

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# Fiscal Note 2011 Biennium

\$0

**\$**0

Bill #	HB0448		Revise classifi	state land law relating to inv cation	entory and
Primary Sponsor:	Pomnichowski, JP		Status: As Intr	oduced	
□ Significant Local Gov Impact □ □ Included in the Executive Budget □		Needs to be included in HB 2  Significant Long-Term Impacts  □		Technical Concerns  Dedicated Revenue Form Attached	
		PICCAL			
		FISCAL FY 2010  Difference	SUMMARY FY 2011 <u>Difference</u>	FY 2012 Difference	FY 2013 <u>Difference</u>
Expenditures: General Fund		\$0	\$0	\$0	\$0

\$0

\$0

## **Description of fiscal impact:**

There is no fiscal impact to the state.

Net Impact-General Fund Balance:

#### **Technical Notes:**

Revenue:

General Fund

## Department of Natural Resources and Conservation

Agriculture, Grazing and Other Leases

1. In Section 2 (page 2, lines 1-3), the department does not have complete data regarding public access. This information is currently being collected each year in association with lease renewal inspections, but will require seven more years to finalize.

2. Section 2 (page 2, lines 2-3), directs the department to maintain information on "game management". This

term is unclear what types of data it should include.

3. In Section 4 (page 2, lines 29 – 30 and page 3, lines 1 – 5) it is unclear if the new language in 77-6-102(2), MCA, is directed towards only unleased lands being considered for bidding or also includes renewal leases which are authorized separately under 77-6-205, MCA. The department typically advertises five to ten vacant tracts per year for new leases. This legislation would slightly delay that process. There are, however, 900 to 1,000 leases (1,400 – 1,500 tracts) renewed each year. Compiling this information for Land Board review for all renewal leases would preclude the department from meeting the bidding and renewal deadlines set out in 77-6-205, MCA.

\$0

**\$**0

\$0

\$0

### **Department of Natural Resources and Conservation**

#### Oil and Gas Leasing

4. The department currently conducts four quarterly oil and gas lease auctions per year. These quarterly auctions vary in size from 100 to over 300 tracts, and average 200 per sale. The department's current lease sale process takes approximately 12 weeks to complete, including Land Board review of tract stipulations and lease sale results. The Land Board can approve or deny leasing of tracts based on their review. Section 4 would add a second presentation to the Land Board prior to the lease auction process for the Land Board to review and approve or deny leasing of nominated tracts. The department would be unable to complete the review process with a second Land Board meeting within the time available between quarterly sales. The department could incorporate the provisions of HB 448 by holding fewer lease auctions per year.

Sponsor's Initials

Date

Budget Director's Initials

2/10/05 Date